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Opening Doors for U.S.  
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it Easier for Small U.S. Firms  
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## MEMO

**C**ivilizations have been building impressive structures for centuries.

Some have lasted thousands of years and are still in use today. Architectural wonders like the Egyptian pyramids, the roads and aqueducts built by the Romans, the Mayan temples, and the Great Wall of China are all reminders of the skill of engineers and builders of past times.

According to industry sources, the global construction market tops \$3.4 trillion and the highest growth regions are Asia and Latin America. Even with a global economic downturn, the construction industry is still experiencing modest growth. Advancements in technology of design as well as building materials translate into shorter timelines between conception and completion of a project. With prefabricated houses, an entire neighborhood can be in place in a matter of days rather than months or years.

New construction and design are also progressing beyond mere function and are addressing form as well as environmental impact on the surrounding communities. Architects and designers are beginning to take into consideration the economic and ecological impact of large structures although still not the industry standard. Green space, energy efficiency, and water usage are all factors that architects

and engineers consider when planning a large structure. Use of recycled building materials is also becoming more prevalent in building construction, although not yet cost-effective.

Our feature this month focuses on the global construction industry, specifically the architectural, engineering, construction services, and building materials used in construction. The United States is the largest construction market in the world, but producers investigate global opportunities to balance business cycles as well as create new markets for their products. Over 80 percent of all construction occurs outside of the United States, so there are plenty of opportunities for U.S. expertise in this area.

Other articles cover areas of construction such as efforts to rebuild Afghanistan, and a brief primer on the contracting opportunities financed by the network of multilateral development banks.

Next month we turn our focus to Chile and the commercial prospects that are available as a result of the newly completed free trade agreement with the United States. We will also get a primer on new rules governing patent applications in the European Union.



*Cory Churches*

Cory Churches  
Editor

# ■ Small Businesses Drive the Global Economy

Let's Make it Easier for Small U.S. Firms to Trade

by Donald A. Manzullo  
U.S. House of Representatives

Small businesses are the backbone of the U.S. economy. Nearly 25 million small businesses employ more than half of the entire private work force in the United States. Over the last decade, small businesses have been an economic juggernaut for our national economy. In those years, small businesses created 75 percent of all new jobs, developed over 50 percent of new technologies and innovations, generated over half of private GDP, and provided the stable economic and social base essential to our towns and communities.

Global trade by small businesses has increased over that same period. Nearly 250,000 small businesses now export, which is triple the number of 10 years ago. Many more small businesses are indirect exporters as subcontractors or suppliers for larger companies that export. One of three export sales dollars goes back to a small business. But this number must increase dramatically to keep pace with the challenges of globalization and trade imbalances.

## ■ COORDINATING FEDERALLY

As chairman of the Committee on Small Business in the U.S. House of Representatives, and an advocate of free but more balanced trade, I welcome efforts by this administration

and the rest of the federal government to increase the number of small businesses exporting. President Bush's *National Export Strategy*, released in May 2002, addressed the fact that more small businesses need to be aware of the advantages of exporting. The report recognized that federal agencies should have a more proactive and coordinated approach, provide improved customer service, and expand agency outreach efforts.

Effective coordination of federal programs is needed to leverage scarce resources. Federal agencies, as trade promotion service providers, are accountable to their business customers. Training and outreach services must keep pace with a rapidly changing business environment.

Since the publication of the export strategy, the U.S. Small Business Administration (SBA) has increased the limit of its *ExportExpress* business-development loan guarantee program from \$125,000 to \$250,000. The Export-Import Bank of the United States, the SBA, the U.S. Commerce Department's Census Bureau and International Trade Administration, and the U.S. Department of Agriculture have established a joint marketing task force that now meets regularly to coordinate literature and

pavilions at major domestic trade shows, trade financing seminars, and direct mail campaigns.

At my suggestion, the administration recently created an interagency training program to improve trade facilitation services for small businesses bewildered by the process and number of government forms, agencies, and participants. The idea was to transform appropriate agency staff into personal export assistance officers (PEXOs), cross-trained in all relevant public and private trade promotion and assistance programs, to serve as contact points and account managers for small business customers. The Trade Promotion Coordinating Committee, composed of the 19 federal agencies that facilitate trade and headed by Jeri Jensen-Moran, conducted the first interagency seminar for PEXOs in January 2003. Nine agencies participated. This training program must be extended to all field staff to emphasize the unified approach.

The federal agencies involved must expand this outreach to promote exporting by U.S. businesses. Further examination of various financing programs, vigorous promotion of a unified approach, training federal employees in this unified approach, and creating the mechanisms to

open up opportunities overseas are all necessary to create a better exporting environment.

#### COMPETING INTERNATIONALLY

Free trade not only has created opportunities for businesses to introduce themselves to new markets, but has increased foreign competition as well. In this globally competitive environment, U.S. small businesses and especially manufacturers must have every opportunity to compete. The ability of U.S. small manufacturers to compete for supply chain opportunities with foreign corporations and with U.S. multinational companies must be enhanced. U.S. small businesses provide the highest quality products at competitive prices. Our larger corporations must see the economic and political benefits of sourcing from their smaller colleagues. I refer to this sourcing concept as “America’s Jobs First,” and I plan to roll it out more formally soon.

In all these efforts, the opportunities presented by the Chinese economy must be realized. China’s WTO membership has advanced the implementation of commitments made as part of its accession obligations. As this process continues, more and more small and medium-sized U.S. firms, including my constituents, have sought and found business opportunities in China. And China is an important market for smaller firms; few people know that 83 percent of all direct U.S. exporters to China are small and medium-sized companies. In 1999, small firms accounted for more than one-quarter of all exports to China. The number of multinational companies in China now requires us to promote our small businesses vigorously. They must be seen as competitive sourcing alternatives. Additionally, the number of small businesses exporting to China grew by a remarkable 221 percent between 1992 and 1999.

China can be a very difficult market to penetrate and an even more difficult



Photo courtesy of the office of Congressman Manzullo.

Congressman Don Manzullo and Hamilton Sundstrand employee Mark Lundy discuss one of the parts the Rockford company makes for the U.S. military’s C-17 transport plane. Manzullo was on hand to help celebrate the Boeing Co.’s 100th delivery of the plane, each of which includes parts made in Rockford.

market for sustaining a profit. There are several tips on doing business in China, some of which include conducting thorough market research, finding the right partner, building strong relationships, and making sure that you know with whom you are doing business. Several important resources exist to assist small firms in their exploration of China as an export market, including the U.S. Commerce Department’s China Gateway ([www.mac.doc.gov/china](http://www.mac.doc.gov/china)), the offices of the U.S. Commercial Service in China ([www.buyusa.gov/china/en](http://www.buyusa.gov/china/en)), the U.S.-China Business Council ([www.uschina.org](http://www.uschina.org)), and *The China Business Review* ([www.chinabusinessreview.com](http://www.chinabusinessreview.com)). All of these resources include business advice, marketing strategies, and relevant updates and briefings.

As the driving force behind our economy, our small businesses must be promoted. If the forces of globalization continue to sideline and destroy our small manufacturers, our national

economy, our social fabric, our international relations, and our national security all will suffer greatly. Our small manufacturers must compete in global markets. They must not be shut out. Our efforts to encourage the growth and prosperity of our small businesses are ongoing and vital to the strength of our nation. I look forward to challenging and supporting our government and multinationals in enabling our small businesses to compete globally in the 21st century. ■

The author represents the 16th congressional district of Illinois. In the U.S. House of Representatives, he is chairman of the Committee on Small Business as well as the U.S.-China Interparliamentary Exchange.

## GLOBAL NEWS LINE

### CANADA

Next to the U.S. government, the Canadian government is the largest purchasing entity in the world, procuring in excess of \$10 billion in goods and services annually. Canada offers the most open, accessible, and transparent public sector market for U.S. goods and services outside of the United States. Public Works and Government Services Canada (PWGSC) is the Canadian government agency responsible for federal procurement.

Through PWGSC, the Canadian government procures 17,000 different types of goods, services, and construction yearly, with a total value of more than \$7 billion. PWGSC handles the procurement for approximately 100 federal departments and agencies, as well as contracts for major Crown projects.

The government of Canada is a significant purchaser of IT products, including software, hardware, and peripherals. According to PWGSC, during 2001–2002, the Canadian government procured approximately \$1.5 billion worth of IT products and approximately \$275 million in off-the-shelf and custom-made software.

### HUNGARY

Extensive subsidies for prescription drugs cover two-thirds of the costs of most drugs but require nearly 20 percent of total health-related expenditures. The government's power to determine prices and which drugs are subsidized has a profound influence on the pattern of drugs sold. The government has authorized the introduction of many innovative drugs; nearly 10 percent of the total 5,500 drugs were newly registered in 2001. However, the government is now slowing the adoption of new drugs and stressing the substitution of generic products. The consumption of over-the-counter products is lower in Hungary than in other industrialized countries due to

long-standing traditions. Domestic drug production has been around for a long time in Hungary, but the domestic industry is consolidating. Two-thirds of consumption is now imported. U.S. firms control more than 20 percent of the country's drug market. Marketing and sales practices in Hungary are similar those in Western countries. Registration is fully compatible with EU regulations. Hungary's intellectual property rights laws are adequate, except for the lack of protection of confidential pharmaceutical test data. Best prospects in Hungary include cardiovascular and oncological drugs.

**Hungary's pending membership in the European Union is already improving standards for environmental protection.** As Hungary harmonizes its standards with the union in anticipation of May 2004 accession, this has created unprecedented opportunities for providers of environmental services and technology. Local governments have financed improvement projects that are subsidized by Hungarian state funds, as well as by international banks and credit agencies such as the European Bank for Reconstruction and Development, and the Export-Import Bank of the United States. Increasingly, funding for environmental projects will come from EU structural funds in their various forms, such as ISPA, Phare, and SAPARD. In most cases, these EU funds require local Hungarian matching funds, which can be as high as 11 "Hungarian euros" for each "EU euro."

The Hungarian environmental industry consists of some domestic 2,200 organizations—mostly small and medium-sized businesses offering a variety of products and services. They are limited by their size, lack of sophisticated personnel, and poor access to international financial markets. Foreign technology providers who can work with these firms and guide them and their clients to finding

financial resources can gain access to lucrative large-scale projects. Joint ventures between Hungarian partners and American, German, French, Austrian, or Italian partners generate about half of all environmental sales. U.S. companies can be very effective in this sector, but they now have only a 5-percent market share in Hungary. The most common obstacles U.S. firms face when doing business in Hungary are difficulty in adapting to European sizes and standards, unfamiliarity with the practical application of EU guidelines, Hungarian lack of familiarity with U.S.-brand technologies, and less need in Hungary for industrial operations of the American scale.

Best prospects for U.S. businesses include supplying low-waste and recycling technologies, soil remediation, bio-energy and waste-to-energy projects, and wastewater and water treatment solutions.

### VIETNAM

**Vietnam's health sector is still in fundamental stages of development.** In the year 2000, Vietnam had nearly 1,000 hospitals (including state-owned and private hospitals) with 250,000 beds total. According to the World Bank, the bed utilization rate is only 14.8 beds per 10,000 people. This is very low compared with other Asian nations. Most of the hospitals are unsanitary and poorly equipped. However, the sector has experienced some positive changes over the past few years as a result of general economic growth and more open policies that invite private sector participation. Incentives are being offered for construction of hospitals, production of pharmaceuticals, and modernization of medical equipment.

In recent years, the government has made modernization and upgrading of health care facilities a priority. The government has demonstrated its commitment to health care by providing a

larger budget dedicated to improving the sector.

From now to 2005, the government will spend about \$1.3 billion to build 76 new hospitals. Approximately \$700 million of that \$1.3 billion will be used for purchasing new equipment. From 2005 to 2010, the government will spend about \$1.8 billion to build 57 new hospitals, of which more than \$1 billion will be spent on medical equipment. In addition, the Ministry of Health has launched an ambitious initiative to develop high-tech centers nationwide, and to increase the number of skilled and well-trained medical personnel.

#### **SOUTH KOREA**

The total value of the South Korean market for telematics equipment and solutions increased from \$2.5 million in 2001 to \$65 million in 2002. "Telematics" is a combination of the words telecommunications and informatics. Telematics provides drivers and passengers with real-time information on navigation and traffic, safety and emergencies, remote vehicle control and diagnoses, and intelligent transportation, as well as wireless communications, multimedia and entertainment, and e-commerce, through a wireless network. Over the next three years, South Korean market demand is projected to increase at an annual average rate of 100 percent, reaching \$510 million by 2005. Although the market for telematics equipment and solutions is presently in its infancy, South Korea's automobile manufacturers and wireless service providers have all embraced telematics services, ensuring a huge market potential for suppliers of related equipment and solutions. Other factors that support the forecast for strong market growth include projected growth in the number of registered vehicles in South Korea from 14 million units presently to 19 million by 2009; strong wireless penetration of more than 30 million subscribers in a population of 47 million; and Koreans' early adoption of new wireless technologies. Best prospects for U.S. suppliers include solutions and terminal components.

**South Korea is the second-largest health care market in the Asia-Pacific region, surpassed only by Japan.** The South Korean market for dental equipment and devices has increased rapidly over the past few years in line with the country's economic growth and increasing consumer demand for dental care. In 2002, the South Korean market for dental devices and equipment was valued at approximately \$250 million, and imports were valued at \$198.51 million, representing about 82 percent of the total market. One of the major drivers of growth of market demand for dental equipment and devices has been the rapid establishment of new dental clinics as many newly qualified dentists begin their private practices. Also contributing to the growth in demand is the trend among younger dentists to form large-scale clinics in order to offer more services and to increase revenues.

#### **JAPAN**

**The number of the Japanese students who wish to enroll in U.S. colleges straight from Japanese high schools is increasing.** Japanese students' interest in studying in colleges in the United States is strong, but Japanese high school seniors' English skills are insufficient to enroll in most four-year U.S. universities. Japanese students, parents, and the study abroad industry have become aware of the merits of U.S. two-year colleges, where the required TOEFL score is generally lower than that for four-year colleges, and where the tuition and living expenses are often not more than what would cost them for college education in Japan. There is rapidly growing market for U.S. two-year colleges, especially for those with transfer programs.

Education is big business. International students pay for tuition, meals and lodging, travel, shopping, and other activities in the United States. International students spend \$11 billion in the United States every year. Education is the United States' fifth-largest service export.

Among international students in the United States, in 2001–2002 the

number of Japanese students dropped from third to fourth rank, following India, China, and South Korea. Probably affected by slow Japanese economy, the number of Japanese students in the United States increased only by 0.7 percent from the previous year (versus a 22.3-percent increase from India, 5.5 percent from China, and 7.4 percent from South Korea). However, whereas the majority of students from these three other countries enroll in graduate or advanced programs, the majority of Japanese students in the United States enroll in undergraduate courses. For U.S. undergraduate programs, Japan is the number one international market.

Many Japanese students often find it better to enroll in a two-year college first and then transfer to a four-year university after they acquire some undergraduate credit and improve their English skills.

Japan's study abroad industry is aware of the lower tuition and other expenses at two-year colleges. And due to the prolonged economic recession, the demand for lower-cost education is increasing. Indeed, in many cases, the total tuition and living expenses for a two-year college education in the United States are lower than that for junior/four-year college in Japan. ■

#### **NEED MORE DETAIL?**

Ask a commercial officer at one of the Department of Commerce posts located around the globe. Contact information, including phone, fax and e-mail, is available by calling the Trade Information Center at (800) USA-TRAD(E).

# A Mold Maker Finds a Mexican Match

Small Manufacturer Uses Interagency Approach to Export

by John Ward

ITA Office of Public Affairs

The tool-and-die sector of the U.S. economy has been buffeted in recent years by numerous challenges, including intense competition from low-priced foreign competitors, a looming dearth of skilled workers, and the deleterious effects of tariffs on the price of one of its most important raw materials.

One Midwestern company, though—Metz Tool and Die of Rockford, Ill.—has been working hard to overcome these obstacles by aggressively seeking new markets abroad. And with the help of some results-oriented government programs—such as those of the U.S. Commercial Service, the U.S. Small Business Administration (SBA), and the Global Trade & Technology Network (GTN)—the company recently was successful in entering a foreign market for the first time.

## FOUR DECADES IN THE INDUSTRIAL HEARTLAND

Metz Tool and Die was founded in 1959 in Rockford, the second-largest city in Illinois, located about 80 miles northwest of Chicago. The company quickly established a reputation with manufacturers (particularly in the auto industry) and flourished in the 1960s through the 1990s, producing die-cast injection molds for a variety of manufactured products.

What kinds of products require these custom-made molds? According to Don Metz, company president, just about every manufactured product you can imagine: “When you have an idea,” says Metz, “it is the mold maker and his artistry that puts it in steel that produces something that can be sold. Everything that is mass produced, from the plastic rattle you shake as a baby to the hardware that decorates your casket when you are laid to rest, comes from our industry.”

## A NEED FOR NEW MARKETS

The 1990s brought problems for the U.S. manufacturing sector, and Rockford was not spared. The city once depended almost exclusively on manufacturing. Small manufacturers in such industries as tool-and-die making almost never needed to go after global markets, since large corporations—such as Motorola, National Lock, and Amerock—provided steady contracts and income. But as some of these domestic industrial giants shifted their production overseas, small manufacturers suffered. Don Metz recalled in testimony he gave recently to Congress what he saw when he visited neighboring shops: “As I walked down the halls with one shop owner, I looked to my right and there was a \$100,000 machine sitting idle. Farther down the aisle was a \$300,000 machining center with no work on it. . . the silence was like a tomb.”

Metz Tool, along with many other small manufacturers, was forced to reassess its business strategy.

## COUNSELING AND MARKET RESEARCH FROM THE COMMERCIAL SERVICE

Metz Tool’s initial contacts with potential government partners in its search for foreign buyers came in October 2001, when the new director of the local U.S. Export Assistance Center (USEAC), Patrick Hope, took a tour of the company’s facilities, accompanied by representatives from the office of the Rockford area’s congressman, Rep. Donald Manzullo. “The plant tour confirmed to us,” says Hope, “that the company’s products were high quality [and] that Don Metz was committed to investigating how the U.S. government could assist him to be more competitive in foreign markets.”

Over the next 15 months, Metz Tool was involved in some 40 counseling sessions with the Rockford USEAC. The center’s staff helped to identify Mexico as a prime market for Metz, based upon the company’s preeminence in manufacturing molds for the automotive industry and the relative ease of entry into the Mexican market. They were also able to tap into the expertise of the U.S. Commercial Service’s posts in Monterrey, Mexico City, and Guadalajara, thereby providing Metz with valuable market insights and identifying potential buyers of the company’s products.

About this same time, in November 2001, Don Metz joined SBA Administrator Hector Barreto and others in a trade mission to Guadalajara. It was, according to Metz, “an

opportunity for me to gain some firsthand knowledge of the business and cultural climate in Mexico.”

#### ADDITIONAL HELP THROUGH GTN

In February 2002, Metz Tool also began working with another government partner, the GTN, a program funded by the U.S. Agency for International Development. GTN works with small and medium-sized firms in the United States and in more than 40 developing and emerging market countries to encourage business linkages and facilitate international deals.

GTN was able to refine Metz's search for customers in Mexico and identify qualified buyers of the company's products. According to GTN's Midwest director, Gregg Baker, “GTN was able to deliver highly qualified matches that enabled Metz Tool to review them, ask questions, get answers from us right away, and then visit Mexico.” In fact, GTN was able to help Metz Tool to obtain a travel grant that enabled Don Metz to make a follow-up visit to Mexico to meet with companies identified by GTN in its market intelligence reports. The GTN Mexico office identified nine suitable firms with which Metz met during his trip to Mexico. Says Metz, “We were able to jump right in because of the advance work done by GTN.”

#### FULFILLMENT AND FINANCING ASSISTANCE

Marketing to potential clients and obtaining orders from them was not the only challenge for Metz Tool and Die. The company still needed assistance to fulfill and ship its orders. Metz sought this help from the U.S. Small Business Administration (SBA) and the Export-Import (Ex-Im) Bank of the United States, and eventually obtained a \$500,000 loan from AMCORE Bank, under terms of the U.S. government-sponsored Export Working Capital Program. Coming with a guarantee by the SBA, the loan allowed Metz Tool to finance the

construction and delivery of its products as well as provide 60-day terms following delivery. Additional financial assistance came from the Ex-Im Bank, which provided insurance to protect Metz Tool against non-payment on purchase orders financed on open accounts. “These are not easy steps,” says Don Metz, “because they require a lot of paperwork, but they are well worth it.”

#### FIRST SALES

Metz Tool's efforts of nearly a year and a half were rewarded in late 2002, when molds for auto transmissions worth some \$71,000 were shipped to Diecasting Mexicana, a Mexico City company. According to Metz, this deal looks to be the first of many between the two firms. And discussions are continuing to take place for future purchases, with the possibility of a joint venture.

Metz Tool is also looking at some other deals. By offering competitive financing terms to his buyers, Don Metz was able to return from a recent trip to Mexico with a \$250,000 order for a mold and has been asked to bid for additional units, with a potential for some \$500,000 to \$600,000 in future export sales. This would represent a 25-percent increase in Metz Tool's annual sales.

Metz Tool and Die's success in exporting came as the result of a long-term commitment by the company's owners to expand its business overseas. It also was the product of the combined efforts of several federal government agencies that were able to guide the company through new markets. It's a path that other small businesses looking to export for the first time will explore to their benefit. ■

Patrick Hope, Rockford USEAC director; Gregg Baker, GTN Midwest director; and GTN staffers David Hartingh and Erin Webster assisted in the compilation of this article.

## Getting the Help You Need to Begin Exporting

Before it made its sales to Mexican firms in late 2002, Metz Tool and Die had no foreign customers. But the company's 15 months of preparation and marketing paid off. If your company is thinking of exporting, it should look into the same resources that Metz did. These include:

- U.S. Export Assistance Centers (USEACs) consist of a network of 104 offices tailored to the needs of new (and new-to-market) exporters. USEAC staff trade specialists can guide your company through the thicket of government programs that are available to make your first move to exporting easier. To locate the USEAC nearest you, call (800) USA-TRAD(E), or visit [www.export.gov](http://www.export.gov) and click on “Export Counseling.”
- The Global Trade & Technology Network (GTN), a program funded by the U.S. Agency for International Development, helps small and medium-sized enterprises in building trade linkages, identifying investment opportunities and accessing technologies. The firms are linked by a user-friendly, Internet-based, business matching platform. GTN assists firms in all industry sectors gain access to more than 40 developing countries and emerging markets. GTN registration and services are free of charge; simply visit [www.usgtn.net](http://www.usgtn.net) to register. For additional information, contact Erin Webster at (202) 628-9750, ext. 19.



Photo courtesy of Metz Tool and Die.

Metz Tool and Die of Rockford, Ill. found a Mexican partner and successfully stabilized their production.

# ■ Rebuilding Afghanistan

## Opening Doors for U.S. Construction Companies

by Jana Nelhybel

*Afghanistan Reconstruction Task Force, Trade Development*

Strategically located along the historic Silk Road linking Asia with Europe, Afghanistan is becoming better positioned to reconnect old trade routes. After more than two decades of war, Afghanistan is in the midst of political, economic, and social transition. During the years of international and internecine conflict, much of Afghanistan's infrastructure was destroyed. Today only 17 percent of Afghanistan's 3,700-mile road system remains in good condition. Rebuilding the physical infrastructure is a key priority of the Afghan government. Restoring the road network within Afghanistan and to neighboring countries is critical to reviving Afghanistan's economy. Construction and refurbishing of schools, homes, medical facilities, and government buildings is under way throughout Afghanistan, but there is much more to do.

U.S. companies interested in Afghanistan must be prepared to think long-term in pursuing commercial opportunities. Challenges include the lack of a banking system, proper

telecommunications, and a functioning legal system. The Afghan government, working with the international community, has made progress in addressing these issues. In September 2002, an investment law was passed, and more than 2,000 businesses have registered with the Afghan High Commission on Investment. In January of this year, the Afghan government successfully completed the introduction of a new currency. The U.S. government is creating provincial reconstruction teams (consisting of U.S. Army Civil Affairs units and representatives from the U.S. State Department and U.S. Agency for International Development) to assist with reconstruction activities while enhancing security throughout Afghanistan.

### ■ AFGHANISTAN RECONSTRUCTION TASK FORCE

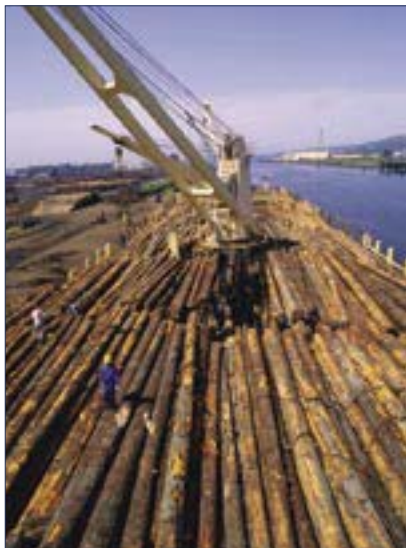
In February 2002, U.S. Secretary of Commerce Donald L. Evans created the Afghanistan Reconstruction Task Force to serve as the commercial coordinator for rebuilding Afghanistan. One of the roles of the task force is to act as a liaison with the U.S. business community. The task force

works closely with the U.S. embassy in Kabul, other U.S. government agencies, and international organizations to provide U.S. companies with counseling on the latest developments in and opportunities for rebuilding Afghanistan. U.S. companies interested in information about reconstruction activities in Afghanistan and major project tenders can sign up to receive alerts by sending an e-mail to [afghaninfo@ita.doc.gov](mailto:afghaninfo@ita.doc.gov). For business counseling on opportunities, call the task force at (202) 482-1812, or visit [www.export.gov/afghanistan](http://www.export.gov/afghanistan).

### ■ OPPORTUNITIES FOR U.S. CONSTRUCTION COMPANIES

According to the U.S. embassy in Kabul, best prospects for U.S. companies include:

- Architectural, construction, and engineering services;
- Building materials for both residential and commercial properties;
- Heavy equipment, including trucks, trailers, buses, motor graders, concrete mixers, dumpers, paving finishers, and bulldozers;



- Irrigation planning and technologies;
- Road upgrades, lighting, and signage;
- Civil aviation sector and airport construction.

About one-fourth of urban housing has been damaged or destroyed by the two decades of war. Many houses, factories, businesses, and apartment buildings are being built or refurbished in Kabul. Most of the construction is small in scale and includes one-to-three story new buildings using old machinery and methods. After the Soviets pulled out of Afghanistan, most heavy equipment was either destroyed or sold, with much going to Pakistan. Due to the lack of finances, there is a need for rented or used equipment.

Since most building materials in Afghanistan are of poor quality, there are great opportunities for U.S. suppliers. Much of Afghanistan's lumber was once purchased locally, but lumber is scarce and the Afghan government is trying to reduce illegal cutting of trees. Afghanistan once produced its own cement, but now only a few small cement factories remain and they require extensive rehabilitation. Currently, Pakistan and Iran are the major suppliers of cement in Afghanistan.

Short-term opportunities in Afghanistan are related to reconstruction projects led by U.S. agencies and international donors. Such projects and sources of financing are available through the World Bank, Asian Development Bank, U.S. Agency for International Development, U.S. Trade and Development Agency, and the Overseas Private Investment Corporation. Information about these sources and how to pursue the opportunities is available on the Afghanistan Reconstruction Task Force Web site.

#### THE WORLD BANK

In the construction and infrastructure sector, the World Bank provides financing and technical assistance for infrastructure development at the village and provincial levels, as well as in urban areas. It also provides assistance for national highways. The World Bank recently approved \$108 million in funding for the Emergency Transport Rehabilitation Project, which includes rehabilitating roads, bridges, and tunnels as well as civil aviation construction. The World Bank's Emergency Public Works and Community Project includes grants for small-scale rehabilitation projects.

#### ASIAN DEVELOPMENT BANK

The Asian Development Bank (ADB) plays an important role in rebuilding the transportation network in Afghanistan. In December 2002, the ADB approved a \$150-million loan for an emergency infrastructure rehabilitation and reconstruction project to rebuild crucial infrastructure in the transportation and energy sectors. This will restore much of the northern section of Afghanistan's so-called ring road or highway.

#### U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

In September 2002, President George W. Bush pledged \$80 million through the U.S. Agency for International Development (USAID) to help rebuild the road linking Kabul, Kandahar, and

## Useful Web Sites

**Afghanistan Reconstruction Conference**  
[www.trademeetings.com](http://www.trademeetings.com)

**Afghanistan Reconstruction Task Force**  
[www.export.gov/afghanistan](http://www.export.gov/afghanistan)

**Asian Development Bank**  
[www.adb.org/afghanistan](http://www.adb.org/afghanistan)

**The Louis Berger Group, Inc.**  
[www.bergerafghanistan.com](http://www.bergerafghanistan.com)

**Overseas Private Investment Corporation**  
[www.opic.gov](http://www.opic.gov)

**U.S. Agency for International Development**  
[www.usaid.gov/afghanistan](http://www.usaid.gov/afghanistan)

**U.S. Trade and Development Agency**  
[www.tda.gov](http://www.tda.gov)

**The World Bank**  
[www.worldbank.org/afghanistan](http://www.worldbank.org/afghanistan)

Photo courtesy of Afghanistan Reconstruction Task Force.



Construction in Bamiyan Province, northwest of Kabul.

Herat. Additional funding is coming from Japan and Saudi Arabia. About one-third of this road is nothing more than gravel or dirt, and it can take days to travel the 600 miles from Kabul to Herat. In addition to rehabilitating the highway, the project calls for infrastructure development along the road. This project, managed by the Louis Berger Group, holds many opportunities for U.S. companies, including the following:

- Roadwork;
- Irrigation systems;
- Water and sanitation;
- Power transmission;
- Construction of schools, medical centers, administrative centers, and bridges.

U.S. companies interested in serving as a subcontractor or supplier should visit the Louis Berger site ([www.bergerafghanistan.com](http://www.bergerafghanistan.com)). The Afghanistan

Reconstruction Task Force can also counsel interested U.S. companies.

#### U.S. TRADE AND DEVELOPMENT AGENCY

The U.S. Trade and Development Agency funds feasibility studies and definitional missions that support the development of modern infrastructure and an open trading environment. The U.S. Trade and Development Agency has approved funding of more than \$2 million for Afghanistan that includes an assessment of the hotel sector and a definitional mission for the aviation sector.

#### OVERSEAS PRIVATE INVESTMENT CORPORATION

The Overseas Private Investment Corporation (OPIC) plays an important role in financing and is active in the construction sector. OPIC offers a \$100-million line of credit for projects that demonstrate substantial U.S. participation and ensure significant benefits to the economic and social development of Afghanistan. In February 2003, OPIC announced that

it would provide up to \$35 million in financing and political risk insurance to build the Hyatt Regency Kabul, a 200-room, five-star hotel.

#### AFGHANISTAN RECONSTRUCTION CONFERENCE

U.S. companies seriously interested in doing business in Afghanistan should attend the Afghanistan Reconstruction Conference, which is co-sponsored by the U.S. Department of Commerce and the U.S. Trade and Development Agency. Taking place June 8–10 in Chicago, the conference will include the presentation of projects by Afghan officials and offer participants the opportunity for one-on-one meetings with Afghan officials as well as U.S. government officials. About \$3 billion worth of projects will be presented.

The conference will highlight many construction projects, including the USAID/Louis Berger road and infrastructure project, the Hyatt Regency Hotel construction project, and the World Bank transportation project. For more information about the conference, visit [www.trademeetings.com](http://www.trademeetings.com).

Although there are many challenges still to be overcome in Afghanistan, the commercial climate is improving and there are various opportunities for U.S. companies to help rebuild Afghanistan. For more in-depth information about the construction sector in Afghanistan, read *The Afghan Construction Sector: Opportunities and Obstacles*, available at [www.export.gov/afghanistan](http://www.export.gov/afghanistan). ■

# Tapping into Construction Financing

## Multilateral Development Banks Offer Options

by *Export America*

Locating reliable financing for construction projects can be challenging for any organization. However, several multilateral banks finance construction projects, contract feasibility studies for projects, and are sources of information on construction opportunities in developing regions.

Be sure to contact the U.S. Commercial Service officers stationed at each of the banks listed below. For more information on the Commercial Service, see [www.buyusa.gov](http://www.buyusa.gov).

### AFRICAN DEVELOPMENT BANK ([www.afdb.org](http://www.afdb.org))

Established in 1964, this bank helps fund infrastructure development projects in its member nations, with emphasis on transportation, utilities, oil and gas, agriculture, mining, and manufacturing.

### ASIAN DEVELOPMENT BANK ([www.adb.org](http://www.adb.org))

This is a financial institution whose capital stock is owned by its 56 member countries. Headquartered in Manila, the ADB promotes the economic and social progress of its developing member countries in the Asia-Pacific region. The bank makes loans and equity investments, provides technical assistance grants for the preparation and execution of development projects and programs, and promotes investment of public and private capital for development purposes.

### EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT ([www.ebrd.com](http://www.ebrd.com))

The EBRD brings together 60 countries and two intergovernmental institutions as members. It began operations in April 1991, and provides loans, equity investments, guarantees, and technical assistance, which promote private business and entrepreneurial initiative, and foster the transition toward democracy and market-oriented economies. The EBRD finances projects in Central and Eastern Europe and the former Soviet Union. Most of its projects support the privatization of state-owned enterprises and the rebuilding of economic infrastructure. The minimum EBRD commitment for private-sector investment projects is approximately \$7 million, representing one-third of the minimum total project costs of \$20 million. The bank expects project sponsors to put up

one-third of the project costs in equity, and the final third is usually co-financed by international financial institutions or commercial banks.

### INTER-AMERICAN DEVELOPMENT BANK ([www.iadb.org](http://www.iadb.org))

The Inter-American Development Bank (known as the IDB) is the oldest and largest regional multilateral development institution. Established in 1959, the IDB has helped accelerate economic and social development in Latin America and the Caribbean. The bank, headquartered in Washington, D.C., has offices in each of its borrowing member countries, as well as in Paris and Tokyo. IDB operations cover the entire spectrum of economic and social development. In the past, IDB lending emphasized the productive sectors of agriculture and industry; the physical infrastructure sectors of energy and transportation; and the social sectors of environmental and public health, education, and urban development. Current lending priorities include poverty reduction and social equality, modernization and integration, and the environment.

### THE WORLD BANK GROUP ([www.worldbank.org](http://www.worldbank.org))

The World Bank began operations in 1946. The mission of the bank is to reduce poverty and improve living standards by promoting sustainable growth and investment in people. The bank provides loans, technical assistance, and policy guidance to developing country members. A significant portion of its portfolio of projects is designed to develop national infrastructure in areas such as energy, the environment, telecommunications, water and wastewater, and land management.

### ADDITIONAL RESOURCES

The Development Gateway ([www.developmentgateway.org](http://www.developmentgateway.org)), currently a free service, includes project listings from a variety of funding agencies as well as "development" information aimed at government officials in developing countries.

Development Business ([www.devbusiness.com](http://www.devbusiness.com)), a subscription-based service, is the official listing of procurement opportunities through the United Nations and several development banks. ■

# Constructing the World

U.S. Industry Builds it Better



The United States is the largest construction market in the world. Domestic construction activity topped \$819 billion in 2000, accounting for more than 8 percent of GDP. However, with global construction activity worth over \$3.4 trillion in 2000, a wide range of opportunities is available outside the United States to America's highly skilled and competitive design, construction, and material firms. While much work outside the United States requires joint venture operations with local partners, there is significant direct export of construction-related services as well, including specialties such as construction and project management services, engineering expertise, and specialized technology.

Despite fluctuations in economic conditions, global construction is growing for several reasons. One major factor is rapid economic development in Asia, Latin America, and Eastern Europe. Factors such as solid project finance, competitive bidding, and awareness of projects ensure that U.S. firms will have a role to play in whatever projects emerge. Types of projects available cover the full range of possibilities, from medical facilities and urban infrastructure to industrial buildings and sporting centers. While there are many opportunities in the global construction business, several real obstacles exist for U.S. firms overseas. These include difficulty in conforming to building standards, unreliable funding for projects, and opaque bidding processes and contracting procedures.

According to *Engineering News-Record (ENR)* magazine, the construction industry in 2002 entered what some have called an age of anxiety as key markets around the world began to slump significantly, terrorism became a household word in places totally unaccustomed to it, and saber rattling by some of the biggest and most heavily armed nations set the entire world on edge. Yet in good times and in bad, the global construction industry produces a prodigious amount of work.

Drivers of growth in the international construction industry include continued international development, industrialization and economic growth, private financing, privatization in emerging markets, and stabilization and openness in historically instable markets.

# Architectural, Engineering, and Construction Services

## International Outlook for U.S. Providers

by Russell Adise

*Office of Service Industries, Trade Development*

Opportunities exist overseas for U.S. architectural, engineering, and construction (AEC) service providers, in areas in which American firms have competitive advantages and extensive experience. This is particularly true for projects requiring advanced and highly technical design, engineering, and construction services; integrated project delivery (including design-build, engineer-procure-construct, and build-own-operate projects); or program, construction, and post-construction facility management services. However, continuing global economic weakness, fluctuating oil prices, strong local competition, and world events in the wake of the Iraqi war will result in an uncertain outlook for U.S. AEC firms abroad through early 2004. In this atmosphere, proper due diligence and careful attention to economic, market, financing, and competitive conditions abroad is essential for small, medium-sized, and large U.S. firms seeking to operate in foreign markets. U.S. firms would be well advised to take a "harder look" at international projects to ensure that owners and potential partners abroad are "well funded and have the commitment to move ahead" with projects of interest, reports Joe Kneib,

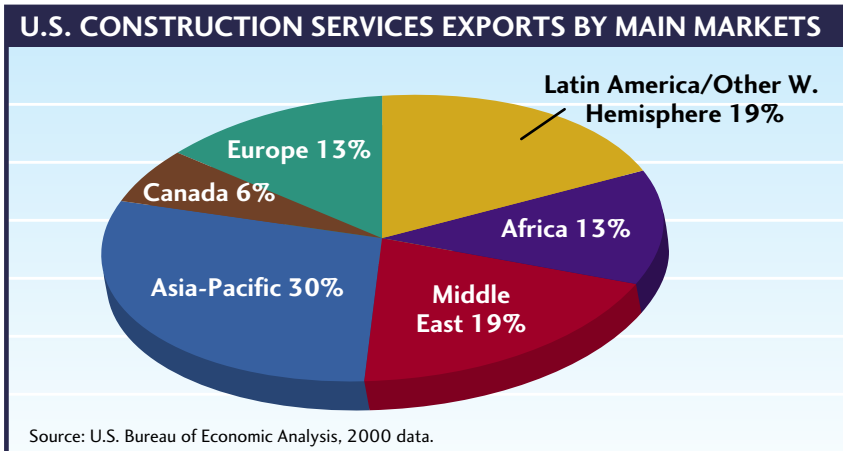
vice president of Herzog Contracting Corporation, St. Joseph, Mo.

The global construction industry is a crucial engine of economic growth worldwide, with an estimated annual market value of more than \$3.4 trillion, according to *ENR* magazine. However, it is a highly cyclical industry, with owners' decisions, project demand, and the availability of commercial lending and foreign direct investment all determined by local and global economic factors. These conditions and factors make it difficult

to predict industry conditions from year to year. U.S. AEC firms must review these short-term factors carefully before deciding whether to enter a regional market, collaborate with an overseas partner, or participate in an international project.

Two key regions of construction activity, Asia and Europe, are highlighted here. Information on other regions or specific countries can be obtained from U.S. Department of Commerce specialists, or the resources listed at the end of this article.





#### ASIA

As in recent years, and despite the lingering effects of the late-1990s economic crisis, Asia—led by China, the world's fastest-growing construction market, and Japan, the world's second-largest market—continues to lead world construction activity, accounting for more than 33 percent of global spending, according to *ENR* estimates.

Construction spending in Japan is expected to continue to decline over the next few years, as Japan's economic slump continues, according to *ENR*. However, in China, construction activity of all types—manufacturing, industrial, residential, commercial, and infrastructure, both public and private—will remain strong, in part due to China's anticipated economic growth stemming from its December 2001 entry into the World Trade Organization.

U.S. firms seeking work in China face stiff competition from Chinese competitors. For these firms, establishing partnerships in China may represent the quickest way to enter the Chinese market. However, full implementation of China's architectural, engineering, and construction commitments—key conditions for China's WTO accession—has now made it possible for U.S. firms to open foreign majority-owned joint venture subsidiaries and special-purpose wholly foreign-owned construction firms, with wholly

foreign-owned local design firms permitted by December 2006. China's implementation of international rule-of-law principles under the WTO should help to ease U.S. industry concerns about local adherence to contract terms and being paid for services rendered.

Public infrastructure and facility investment remains a key element of China's economic growth strategy. Growth in overall infrastructure investment continues at double-digit levels, in an effort by China's central government to keep national economic growth rates above 7 percent annually.

Perhaps the best known of China's pending infrastructure projects is the \$23 billion worth of sports, retail,

housing, transportation, energy construction, and environmental remediation project spending between now and 2008 in preparation for the Beijing Summer Olympics. Meanwhile, Shanghai anticipates spending \$3 billion to build venues for Expo 2010, with additional billions to be spent on transportation and other expo-related infrastructure projects. Recent press articles report subway construction now under way in Shanghai, Guangzhou, Tianjin, and seven other cities; 8,500 miles of railroad to be added by 2005; and numerous nationally and locally funded dam, energy, pipeline, and highway projects across China.

Additionally, power, petrochemical, and environmental projects offer prospects for U.S. engineering and construction firms experienced in these sectors. Owners of advanced and technically difficult building projects in China continue to seek out leading U.S. architectural firms.

However, U.S. architects, engineers, and contractors face significant obstacles in their efforts to obtain work in China. Financing remains a key issue, even on public infrastructure projects. While Chinese officials have said they would prefer 15 to 20 percent of public infrastructure to be financed by



foreign sources, this represents moving foreign direct investment away from export-oriented private sector industrial construction—with relatively easy return on capital available—to projects with uncertain return on revenue and long payback periods. In addition, and as noted, U.S. firms face stiff competition from the over 10,000 Chinese design institutes and substantial pool of national and local contractors in China.

For U.S. firms, profitable participation in Chinese projects will depend on careful attention paid to the role the firm will play in local partnerships, the stability of potential return on investment, and the type of competitive advantage the U.S. firm will enjoy over its competitors in the Chinese market.

## EUROPE

Europe, as a region, is second behind Asia in terms of construction activity, accounting for just under 30 percent of global spending, according to *ENR*. However, weak economic growth in the region over the next year is expected to inhibit new private project demand and investment. Some bright spots remain in EU construction markets, with public sector investments in the United Kingdom and infrastructure investment in Spain leading the way, according to the European Construction Industry Federation. However, with economic conditions in Germany (20 percent of Europe's construction market), France, and the Netherlands remaining weak, total construction growth in Europe is expected to remain flat if not decline further. Notably, EU-funded infrastructure and environmental construction in Eastern European countries to help prepare them for EU membership by May 2004 represents a bright spot in Europe's construction sector.

## RESOURCES

### U.S. Government

The International Trade Administration's industry, export, and financing

specialists, both in Washington, D.C., and U.S. Export Assistance Centers across the United States, are key resources for U.S. AEC firms as they evaluate projects and markets abroad. The following is a sample of the services offered to U.S. firms:

- The Office of Service Industries (202-482-5086) monitors and evaluates overseas market conditions, participates in international market-opening negotiations, and provides links to industry specialists at U.S. Commercial Service offices worldwide.

- The Office of Finance, through its Export Finance Matchmaker Program (202-482-3277) can link new-to-market U.S. AEC service exporters with appropriate specialists at U.S. export credit agencies such as the U.S. Export-Import Bank and Small Business Administration; multilateral development banks such as the World Bank, the Asian and Inter-American Development Banks, and European Bank for Reconstruction and Development; feasibility and technical assistance grant programs at the U.S. Trade and Development Agency; and investment insurance programs available under the Overseas Private Investment Corporation.

- U.S. Commercial Service offices at U.S. embassies worldwide can evaluate prospective local partners and markets/projects, arrange meetings with key overseas officials and executives, and research local sources of funding ([www.buyusa.gov](http://www.buyusa.gov)).

- Specialists at the U.S. Export Assistance Centers throughout the United States provide export counseling and information on federal export promotion programs and services, identify export regulations affecting U.S. firms, provide links to U.S. industry and finance specialists in Washington, D.C., and in embassies worldwide, and

## Major Exhibitions and Conferences

### International Exhibition on Environmental Technologies (ENVEX) 2003

Building products, construction machinery, and AEC services are important parts of ENVEX.

Seoul, South Korea

June 17–20, 2003

Contact:

Gregory O'Connor

Tel: +82-2-397-4356

E-mail: [Greg.O'Connor@mail.doc.gov](mailto:Greg.O'Connor@mail.doc.gov)

### Edifica 2003

This regional trade show includes building materials, construction equipment, and related services.

Santiago, Chile

September 24–27, 2003

Contact:

Carlos Capurro

Tel: +56-2-330-3307

E-mail: [Carlos.Capurro@mail.doc.gov](mailto:Carlos.Capurro@mail.doc.gov)

### Tourism Infrastructure and Development Exhibition and Conference

This event coincides with the Athens Real Estate Exhibition and Conference.

Athens, Greece

October 17–20, 2003

Contact:

Bradley Harker

Tel: +30-210-720-2146

E-mail: [Bradley.Harker@mail.doc.gov](mailto:Bradley.Harker@mail.doc.gov)

help U.S. firms identify projects of interest through market research reports prepared by Commercial Service posts around the world.

- Specialists at the Advocacy Center (202-482-3896) arrange high-level advocacy on behalf of U.S. firms that face formal or informal trade barriers or arbitrary government decisions abroad.
- Additional information on overseas markets and projects, export requirements, and U.S. government export assistance programs can be found at [www.export.gov](http://www.export.gov) and individual U.S. embassy Web sites.

### Industry

Exporters should also be aware of the following industry sources of information:

- U.S. industry associations: The international divisions of the Associated General Contractors of America and the American Institute of Architects are key resources for new-to-market U.S. architectural, engineering, and

construction service providers, as well as firms currently operating overseas, in identifying potential projects, market problems, and trade conditions. Additional information can be found on their Web sites, [www.agcglobal.org](http://www.agcglobal.org) and [www.aia.org/international](http://www.aia.org/international).

- International industry associations: The International Federation of Consulting Engineers ([www.fidic.org](http://www.fidic.org)) maintains the on-line edition of the *FIDIC International Directory of Consulting Engineers*, which contains information on international tenders.
- Media and on-line resources: McGraw-Hill maintains a number of subscription-based sources of overseas market information that are crucial to U.S. architectural, engineering, and construction firms. Among these are *Dodge Reports*, *Dodge Plans*, and *Dodge Analytics* (providing information on overseas projects, blueprints, and economic trends) as well as industry-specific magazines, such

as *ENR*, *Architectural Record*, and *Design-Build*. Additional information on these services can be found at [www.construction.com](http://www.construction.com).

### Multilateral Organizations

Lastly, information on potential projects, pending international tenders, and regional and world economic conditions can also be found in various sections of major multilateral development organizations, including the World Bank ([www.worldbank.org](http://www.worldbank.org)), the International Monetary Fund ([www.imf.org](http://www.imf.org)), the Asian Development Bank ([www.adb.org](http://www.adb.org)), the Inter-American Development Bank ([www.iadb.org](http://www.iadb.org)), and the European Bank for Reconstruction and Development ([www.ebrd.org](http://www.ebrd.org)). ■



# Exporting Building Products

## Finding Niche Markets for U.S. Producers

by Patrick MacAuley

*Forest Products and Building Materials Division, Trade Development*

In 2002, total exports of U.S. building products reached \$6.2 billion. This included a diverse range of products, including windows, faucets, lumber, insulation, and prefabricated buildings. Building products run the gamut of items such as ceramic fixtures and wood products to sheet roofing for commercial buildings and fasteners of all types.

Although the U.S. construction industry is much more international now than just a decade ago, most building product manufacturers do not export. For most firms that do export, domestic sales usually account for the majority of business. For the U.S. industries shown, the \$6.2 billion in exports represents less than 4 percent of shipments, leaving 96 percent to satisfy a portion of the domestic market.

During the past five years, the domestic construction market has been so strong and profitable that interest in exporting has waned. The relative strength of the dollar has limited export opportunities. Most companies realize that construction is a cyclical industry, and for the long term they need to maintain strong export markets. It appears that the dollar may finally be stabilizing so that American-made products may become more price-competitive.

Since U.S. building products tend to be relatively expensive on world markets, they usually need to be competitive

for some reason other than price, although price is always a major factor. For example, U.S. plumbing products are exported on the basis of design and quality. Insulation sales are largely due to the wide selection of U.S. products available.

### LEADING MARKETS

The two largest foreign markets for U.S. building products are Canada and Mexico, which together account for more than 50 percent of U.S. building product exports. These two countries were major trading partners even before the North American Free Trade Agreement was implemented, and they have steadily become more important export markets. All building products can now be exported to Canada duty-free. In the case of Mexico, most tariffs have already been eliminated because of NAFTA, and all remaining tariffs on building products will be phased out by 2008. Barriers such as building inspection delays and product certification difficulties have also been eliminated, giving U.S. businesses better protection in these two countries. For most U.S. companies looking to export, these markets should be among the first researched.

The European Union is a significant market area, where exclusive, high-quality American products are competitive. The union is in the process of expanding from 15 countries to 25, with a total population of 450 million. The European Union is not yet a seamless "common market" for building products, but it has been harmonizing

its product standards and certification procedures so that eventually products that are certified in one EU country will be certified for all 25 EU countries. In this respect it is worth noting that the United Kingdom is usually the most logical first step in exporting building products to the European Union. The U.K. market is not only one of the largest among EU countries, but it also has fewer obstacles to entry than most.

### U.S. Exports of Building Products

(by country, in millions)

1. Canada	\$2,406
2. Mexico	\$708
3. Japan	\$483
4. United Kingdom	\$222
5. China	\$190
6. Taiwan	\$185
7. Spain	\$141
8. Italy	\$132
9. South Korea	\$131
10. Hong Kong	\$126
11. Germany	\$113
12. France	\$80
13. Dominican Republic	\$63
14. Bahamas	\$60
15. Saudi Arabia	\$59
16. Australia	\$56
17. Other	\$1,011
<b>Total</b>	<b>\$6,166</b>



Japan has a large construction sector, and the best U.S. products tend to be competitive in both price and quality. Unfortunately, many U.S. products are not designed for the Japanese market, and even specially designed products need to be certified to meet standards. Another serious problem is the unique Japanese distribution system, which often is impenetrable for outsiders. Despite these obstacles to trade, Japan is the third-largest export market for U.S. building products.

China is one of the largest and fastest-growing construction markets in the world, and it has become the fifth-largest export market for building products. Exporting to China involves considerable risks, and U.S. companies should research very carefully before they enter this area. In order to help exporters in this tricky market, the International Trade Administration (ITA) has supported the Evergreen Building Products Association, which is open to U.S. building product companies that want to explore opportunities in China. The network of

support for exporters extends into China with five Commercial Service offices in the country, including Beijing and Shanghai.

#### GETTING STARTED

The first decision is whether to export at all. For most small and medium-sized manufacturers, it is usually easier to expand into underserved parts of the U.S. market than to venture abroad. These companies may occasionally make "passive exports," i.e., export sales from foreign buyers who find them via their Web sites or U.S. publications.

For companies that want to take a proactive approach to exporting, the U.S. Commerce Department has many services that can help exporters evaluate markets, make business contacts, finance export transactions, and understand foreign regulations. An ITA trade specialist for building products should be one of the first contacts when investigating overseas markets. This contact is to discuss the specific products and objectives of the

company, and the industry specialist will provide informed feedback. Companies exploring exporting can tap into the local resources of the U.S. Commercial Service for general export counseling. A complete listing of domestic Commercial Service offices is located on the back of this magazine and at [www.buyusa.gov](http://www.buyusa.gov).

#### FINDING AGENTS AND DISTRIBUTORS

If the company has completed the above steps and still wants to be a proactive exporter, it is usually recommended that building product companies use agents or distributors rather than trying to market and ship products abroad directly. The ITA has several programs to help companies find agents and distributors, all of which charge a fee for the service. If the company wants to take a global approach, the Commercial Service has a cost-effective publication, *U.S. Commercial News*, which will advertise a product line to 70,000 potential agents and distributors worldwide for \$495. Alternatively, if the company

wants to start with a few target markets, Commercial Service officers stationed abroad can try to find agents or distributors in selected countries.

The U.S. Commercial Service can provide assistance in evaluating the integrity and ability of agents and distributors, but the U.S. exporter must make the decision and live with the results. Dissatisfaction with agents or distributors is one of the most commonly cited problems in exporting, so these choices must be made carefully.

#### EXPANDING THE COMPANY'S EXPORT BUSINESS

Most of the ITA programs for exporters are designed to help them after they have started exporting, as part of a long-term commitment to American companies abroad. Expanding and maintaining an export business is a time-consuming process that requires specialized knowledge in addition to the skills needed in the domestic market. ITA counseling becomes much more specialized as the company becomes more experienced and tries more complicated markets. The International Trade Administration also is actively engaged in resolving market access issues in cases in which foreign officials appear to be imposing illegal barriers against the

U.S. exporter. Industry members can contribute their perspective by participating in the advisory committee network, which is overseen by the U.S. Commerce Department and the U.S. Trade Representative.

Although exporting may not be for everyone, most building product manufacturers should review the prospects of exporting on a periodic basis for developing opportunities and for emerging threats to domestic sales. Those companies that choose to be passive exporters should pay careful attention to their foreign sales, which may offer important clues about the global market for their products. Those companies that want to be active exporters need to remember the long lead times required to build up export capability, and to start building capability now rather than waiting until the domestic market softens. ■



## Resources for Exporters

### Forest Products and Building Materials Division

International Trade Administration

Tel: (202) 482-0132

Web site: [www.ita.doc.gov/td/forestprod](http://www.ita.doc.gov/td/forestprod)

### Trade Information Center

International Trade Administration

Tel: (800) USA-TRAD(E)

Web site: [www.export.gov/tic](http://www.export.gov/tic)

### Market Research

U.S. Commercial Service

International Trade Administration

Web site: [www.export.gov](http://www.export.gov)

### Engineering News-Record

Web site: [www.enr.com](http://www.enr.com)

## Major International Trade Fairs for Building Products

### International Building and Construction Trade Fair

May 23–26, 2003

Shanghai, China

### National Association of Home Builders (NAHB) International Housing Conference of the Americas

October 16–18, 2003

Mexico City

### BATIMAT International Building Exhibition

November 3–8, 2003

Paris, France

### NAHB International Builders Show

January 19–21, 2004

Las Vegas, Nev.

# The South Carolina Legislators Trade Institute

Creating Knowledgeable Officials

by Peter Lehman

*South Carolina State Ports Authority*

and

Carol Conway

*Southern Growth Policies Board*

Nearly four years ago, the South Carolina District Export Council (SCDEC) hosted the first Legislators Trade Institute in the state to bring topics of international trade to the attention of elected state officials. In cooperation with several governmental and non-governmental trade organizations (the Columbia U.S. Export Assistance Center, Port of Charleston, Propeller Club of the United States, South Carolina State Ports Authority, South Carolina Department of Commerce, and Southern Growth Policies Board), the SCDEC staged its first networking and educational event in Charleston. The South Carolina Legislators Trade Institute (SCLTI) consisted of a day and a half of presentations by experts and discussions between exporters and state legislators on the advantages and disadvantages of international commerce, improvements needed to continue and expand trade, and what the elected representatives could do to help. The impetus for creating the institute was to formulate a comprehensive communications program to educate state and federal legislators about the value of trade to South Carolina. The SCDEC wanted to make clear to legislators the connection between trade and economic vitality and how trade is related to expanding the manufacturing and distribution base of the state.

The SCLTI was established in October 1999, and each year the structure of the events and the topics covered are refined and kept current to build upon previous years of education. Today, the institute is nearly two full days of business programs and social events, with participation by elected officials from both the state and federal level.

Getting the message to legislators is a challenge for any group but especially for those engaged in trade. The SCLTI organizers sought innovative ways to create communication links, because competition is fierce to reach the ears of legislative leaders. The SCLTI was created as an additional means to educate legislators and create continuous communication about individual issues. By joining forces with regional trade groups, creating the SCLTI as the vehicle to format and present key issues, the SCDEC and its partners succeeded in creating a method to access, educate, and update federal and local legislators, legislative staff, and other decision-makers on an ongoing basis. Organizers have expanded the SCLTI in recent years to include additional events during the year at various locations around the state. These local events are smaller and include inviting members of the general assembly and congressional delegation whose districts surround the event location to focus on issues with an immediate and local impact. Translating larger trade issues into this local frame of reference makes the issues real and meaningful. An

exporter explaining the challenges he has to meet in getting his products to market overseas puts a constituent's face to an abstract concept for legislators.

South Carolina exporters face a number of issues that are topics for the SCLTI to bring to legislators. Some top issues covered by the SCLTI include a port expansion project, the need to promote exporting to South Carolina businesses, and clearly drawing the link between trade and economic stability to legislators as well as businesses.

As state and federal legislators become more aware of how global trade affects their constituencies and regions, they are better equipped to help South Carolina compete in the global marketplace. The well-educated and established alumni of the SCLTI—many of whom will go on to become federal legislators or governors—will evolve as the institute matures. This creates a natural network between top political and business leaders of today and tomorrow and will have far-reaching positive implications for businesses, the state economy, and, therefore, the future of South Carolina.

## WHAT DOES THE SCLTI ENTAIL?

Our legislative leaders need to better understand how South Carolina functions in the global economy. Representatives understand the job-creation effect of landing an economic development prospect, but few

understand the job-creation effects of trade or what actions they could take to increase state exports and foreign investment. Over five years ago, the South Carolina District Export Council recognized the need to focus the attention of elected officials on international trade to and from South Carolina. It also realized that information had to be presented in a non-partisan, balanced format, which the SCDEC is ideally suited to provide. As a non-profit, volunteer organization, the SCDEC felt that providing ongoing communication between South Carolina elected officials, exporters, and trade organizations conformed to its mandate to promote the growth of exports from the state. The result was the development of the annual, day-and-a-half trade institute for legislators and their staff to learn about the jobs impact of exporters in their districts, and how positive trade outcomes depend on strategic investment in transportation and other state-supported systems. The networking "mix" includes federal representatives as well as state officials, who often have the same or overlapping constituent districts, resulting in productive discussions of local trade and development issues.

#### THE DESIGN BEHIND THE CONCEPT

Drawing on the expertise and networks of the collaborators, the institute is able to focus the efforts of all these groups in one concerted effort to communicate to policy-makers. SCLTI events combine business and social interaction for optimal communication.

All of our state and federal legislators are invited, as are a number of top state executive officials and their staff. In the past, events began in Charleston with an afternoon golf tournament; the foursomes were structured to spark dialogue among the legislators, their staff, sponsors, trade representatives, and maritime officials. The annual State of the Port reception and dinner followed in the evening, where the

president of the Ports Authority gave his annual address.

The State of the Port dinner in 2002 was the best attended ever, with more than 375 people, including the governor-elect, many state legislators and senior staff, and two U.S. congressmen. The South Carolina products display portion of the State of the Port dinner was an overwhelming success. In order to make the cargo of the Port of Charleston "come alive" to the SCLTI participants and dinner guests, 30 South Carolina companies displayed their products around the room and on the pier outside the building. There were four BMW cars on display, raw Michelin rubber and the finished products, Stingray speedboats, Wilson sporting goods, Fuji film products, and many others. Having products on display as tangible examples of cargo handled by the port drove home the impact of trade on the local economy.

More structured education took place on the second day of the institute. The morning started off with breakfast and a keynote speaker, Rep. Jim DeMint (R-Greenville), who detailed the dramatic passage of trade promotion authority under the Trade Act of 2002. Attendees then climbed aboard a boat for a four-hour port and harbor tour. During the tour, participants listened to a roundtable of manufacturers, traders, and port consultants, all part of the program of the SCLTI. After lunch the SCLTI concluded with a keynote address that tied the institute's message together. Each year the number of participants has increased, the message has been honed and the significance as well as the reputation of the institute has grown.

#### YEARS OF WORK

The South Carolina Legislators Trade Institute has had a significant impact on the frequency and quality of discussion among state leaders about trade and policies to support trade. Recently, the institute influenced legislative decisions to invest in upgrading port

facilities. Other indirect evidence of the value of the institute is the fact that it has star power, drawing leaders, sponsors, and riveting speakers.

#### POLICY IMPLICATIONS

State and local leaders must become better acquainted with the global trends that affect their economies and policies. The SCLTI offers a sharp contrast between the usual approach to leadership trade education—such as a seminar where the speakers may outnumber the audience—and a high-profile event tailored to the interests of the leaders. A successful institute is:

- Collaborative, enlisting all potential advocates, not just one or two;
- Strategic, finding the right institutional platform and being clear in its messages;
- Contextual, providing tangible examples of a wide array of exports;
- Fun, offering a mix of business and social events, injecting humor, and taking place where people want to be; and
- Convenient, making it easy for a legislator to accept an invitation.

Using the proven formula of the SCLTI, other regions can benefit from educating their local elected leaders on the advantages of trade. ■

# Upcoming Trade Events

May–December 2003

DATES	EVENT	LOCATION
May 22–25	<b>Total Construction Materials and Equip. Fair</b> This is the only major building products trade show in the Osaka-Kobe region. The show is held every other year and attracts more than 40,000 visitors. This fair will provide an excellent opportunity for U.S. building products companies to expand their business in Japan.	Osaka, Japan
June 13–16	<b>Exhibition on Environmental Technologies (ENVEX)</b> ENVEX is the premier environmental exhibition in South Korea. As the South Korean government has placed more emphasis on the environment, Korean companies are looking for the latest environmental technologies. ENVEX will display products from all environmental sectors.	Seoul, South Korea
June 15–22	<b>Paris Air Show</b> The U.S. Commerce Department's Office of Aerospace is organizing a product literature center at the 2003 Paris Air Show, the largest show in the world for the aerospace industry. The center will display product information highlighting the goods and services produced by U.S. aerospace companies. The last Paris Air Show featured the products and services of 74 U.S. companies.	Paris, France
June 18–20	<b>Natural Products Asia 2003</b> The product mix includes traditional Chinese medicine herbs, nutritional products, functional food products, and organic products. Very few of the natural products available in the United States are available in China, Taiwan, Hong Kong, Singapore, and Japan, primarily because U.S. companies have not yet had the opportunity to introduce their products and to establish relationships with Asian distributors.	Hong Kong
June 18–20	<b>ISA Control Mexico 2003</b> The American Product Literature Center (APLC) at ISA Control Mexico 2003 offers small and medium-sized firms an opportunity to have their literature showcased at Mexico's largest trade show for process control and industrial instrumentation. The APLC is a cost-effective way to find agents and distributors in Mexico. Mexico is one of the largest importers of U.S. industrial instruments. The United States accounts for 85 percent of Mexico's imports of process controls and instrumentation.	Mexico City, Mexico
June 19–20	<b>APA Australian Book Fair</b> The fair is Australia's premier book industry event, attracting some 12,000 attendees from throughout the Asia-Pacific region.	Sydney, Australia
June 22–28	<b>Manufacturing Trade Mission</b> This week-long mission to three major manufacturing centers in Mexico is intended for U.S. exporters of a broad range of products and services for the manufacturing sector.	Monterrey, Mexico City, and Guadalajara, Mexico
July 15–18	<b>Oil and Gas Malaysia 2003</b> Oil and Gas Malaysia 2003 will attract exhibitors from all over the world. This event is an excellent networking and meeting place for industry leaders, suppliers, and decision-makers in the petroleum industry.	Kuala Lumpur, Malaysia
July 21–25	<b>Electric Power Mission</b> The mission will include representatives of U.S. electric power companies and equipment manufacturers interested in entering or expanding their presence in Vietnam and Thailand.	Vietnam and Thailand
August 2–5	<b>ISPO International Trade Fair</b> Each year at the ISPO Summer in Munich, the sports equipment and fashion industry sets the tone for the following summer season. Exhibitors from over 40 countries present products for both summer and non-seasonal sports.	Munich, Germany
August 11–19	<b>Food Processing and Packaging Equipment Trade Mission</b> This mission will target the U.S. food processing and packaging equipment industry. The focus of the mission will be to match U.S. companies with potential agents, distributors, representatives, and joint venture partners.	Vietnam; Thailand; the Philippines
August 12–14	<b>Security 2003</b> Security 2003 is the 17th Annual Conference and Exhibition of the Australian Security Industry Association. This important event attracts more than 4,000 visitors, including the Australian security industry's key decision makers, suppliers, and customers.	Sydney, Australia

## HIGHLIGHTED EVENTS

## INDUSTRY

## CONTACT INFORMATION

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Building Products, Biotech, Pollution Control Equip., Renewable Energy	Greg O'Connor Tel: +82-2-397-4130 E-mail: Greg.O'Connor@mail.doc.gov
Aerospace	Mara Yachnin Tel: (202) 482-6238 E-mail: Mara_Yachnin@ita.doc.gov
Processed Foods, Processing and Packing Equip.	Barry Friedman Tel: +852-2521-5753 E-mail: Barry.Friedman@mail.doc.gov
Laboratory Instruments, Process Controls	Steven Harper Tel: (202) 482-2991 E-mail: Steven_Harper@ita.doc.gov
Books and Periodicals	Annette Ahern Tel: +61-3-9526-5945 E-mail: Annette.Ahern@mail.doc.gov
Multiple Industries	Molly Costa Tel: (202) 482-0692 E-mail: Molly.Costa@mail.doc.gov
Oil and Gas Field Machinery	Helen Simpson-Davis Tel: (202) 482-1882 E-mail: Helen.Simpson-Davis@mail.doc.gov
Electric Power and Equipment	Andrew Collier Tel: (202) 482-0680 E-mail: Andrew_Collier@ita.doc.gov
Sporting Goods and Recreational Equipment	Amanda Ayvaz Tel: (202) 482-0338 E-mail: Amanda_Ayvaz@ita.doc.gov
Food Processing and Packaging Equipment	Monica McFarlane Tel: (202) 482-3364 E-mail: Monica_McFarlane@mail.doc.gov
Security/Safety Equipment	Phil Keeling Tel: +61-2-9373-9209 E-mail: Phil.Keeling@mail.doc.gov

## BUSINESS DEVELOPMENT MISSION

MOROCCO AND EGYPT  
MAY 25-JUNE 2, 2003

The focus of this trip will be commercial opportunities for U.S. companies, including exports and joint ventures. In Morocco, the participants will have two days of meetings with potential buyers and partners in Casablanca, and one day in Rabat with government officials. In Egypt, the participants will have two days of meetings with potential buyers and partners as well as government officials in Cairo.

Contact:  
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## BUSINESS DEVELOPMENT MISSION

ROMANIA AND BULGARIA  
JULY 14-19, 2003

Deputy Secretary of Commerce Samuel Bodman; Assistant Secretary of Commerce and Director General of the U.S. Commercial Service, Maria Cino; and Assistant Secretary of Commerce for Market Access and Compliance, William Lash will lead a senior-level business development mission to Bucharest, Romania, and Sofia, Bulgaria.

The mission will help U.S. companies explore commercial opportunities in Romania and Bulgaria. The delegation will include 10 to 15 senior executives of small, medium-sized, and large U.S. firms representing these and other growth sectors: automotive parts and services, building products, information technology, telecommunications, defense, energy, medical products, pollution control, and tourism infrastructure.

Contact:  
Matthew Wright  
Tel: (202) 482-2567  
E-mail: Matthew.Wright@mail.doc.gov

A full listing of upcoming trade events  
is available via <http://export.gov>.

DATES	EVENT	LOCATION
August 23	<b>Telemedicine Virtual Trade Mission</b> The Colombian government program known as the Connectivity Agenda is establishing telecommunications infrastructure in remote rural areas and small towns. This infrastructure is expected to be in full operation by 2003, facilitating telemedicine services to be provided to these areas where inexpensive and fast health care services are in high demand. U.S. participants should be companies that provide telemedicine services.	Bogotá, Colombia
September 6–9	<b>Deco Contract</b> Deco Contract, organized in conjunction with Decosit, was held for the first time in 2001. It is an international textile contract furnishing show.	Brussels, Belgium
September 8–12	<b>ACE 2003</b> This is a very important event for those involved in airline maintenance, engineering, and supply personnel, as well as for commercial, charter, and fixed-based operators. There will be conferences and seminars with sessions focused on current regulatory requirements and technical issues to improve safety, reliability, and productivity.	Montreal, Canada
September 9–12	<b>AIMEX 2003</b> AIMEX is an international mining exhibition. AIMEX has been a major event in Australia since the 1970s and is recognized as one of the most important mining shows in the world. The show used to focus heavily on Australia. Australia is now considered to be a regional center of excellence in mining, and the show is being redefined with an emphasis on the Asia-Pacific region.	Sydney, Australia
September 9–12	<b>Chinaplas 2003</b> Chinaplas was launched in 1983 as an international exhibition for the plastics and rubber industries in China. Held annually, it rotates among the cities of Beijing, Shanghai, and Guangzhou.	Beijing, China
September 15–19	<b>Health Care Technologies Mission</b> This matchmaker to Ireland and the United Kingdom will assist U.S. health care and medical companies, with a potential focus on the telehealth and biotechnology industries.	Ireland and the United Kingdom
October 5–7	<b>Golf Europe</b> The Office of Consumer Goods in conjunction with the U.S. Commercial Service in Munich, Germany, is sponsoring a U.S. product sample and literature center at Golf Europe. This promotion should help U.S. companies that are looking for distributors, joint venture partners, or new sales opportunities. Golf Europe is Europe's leading golf equipment trade show.	Munich, Germany
October 16–21	<b>EquipAuto 2003</b> EquipAuto is the world's most comprehensive exhibition for the automotive industry, covering new technologies in original equipment, spare parts, customer service, and garage equipment. There will be two specialized U.S. pavilions for which the Commercial Service in France will provide support. EquipAuto will offer workshops, conferences, and seminars to bring together engineers, managers, buyers, and sellers.	Paris, France
November 12–14	<b>Cosmoprof Asia 2003</b> This event is the Asia-Pacific region's largest showcase for products and services in cosmetics, toiletry, perfume, hairdressing, spa, and beauty sectors. Celebrating its eighth year in Asia, Cosmoprof will feature more than 600 exhibitors and a large-scale U.S. pavilion.	Hong Kong
November 13–17	<b>InterCHARM 2003</b> The cosmetics market in Russia has great potential for U.S. companies. InterCHARM is the largest beauty and health products exhibition in Eastern Europe. In 2002, more than 600 companies from 23 countries participated, along with 65,000 visitors. The cosmetics and health products market is one of the fastest-growing markets in Russia.	St. Petersburg, Russia
November 20–22	<b>Expo Pesca 2003</b> Expo Pesca 2003 is an international trade show of equipment, supplies, and services for the fishing and fish farming industries. The U.S. Commercial Service in Lima will have a booth at the show and will host a catalog exhibition for U.S. firms unable to exhibit directly. Fishing is the second-largest industry in Peru, representing more than 5 percent of the GDP and over 10 percent of total exports.	Lima, Peru
December 7–11	<b>USA Trade Week Russia</b> This is a comprehensive exhibition of U.S. products and services. The exhibition will be preceded by a two-day conference with workshops featuring an "A to Z" approach to doing business in Russia, as well as discussion of all aspects of trade between Russia and the United States. This is the only exhibition of its type for U.S. firms interested in Russia. It will attract qualified business visitors from all parts of Russia.	Moscow, Russia

**INDUSTRY****CONTACT INFORMATION**

Health Care and Medical Services	Harry Tyner Tel: +51-1-315-2126 E-mail: Harry.Tyner@mail.doc.gov
Textile Fabrics and Products	Brigitte de Stexhe Tel: +32-2-508-2454 E-mail: Brigitte.de.Stexhe@mail.doc.gov
Aircraft and Parts, Airport Ground Eq., Aviation Svcs.	Michele Parent Tel: (604) 473-9664 E-mail: Michele.Parent@mail.doc.gov
Air Conditioning, Electrical Power Systems, Mining Industry Eq.	Elizabeth Ausberry Tel: +61-2-9422-2511 E-mail: Elizabeth.Ausberry@mail.doc.gov
Plastics Machinery and Materials	William Corfitzen Tel: (202) 482-0584 E-mail: William.Corfitzen@mail.doc.gov
Biotechnology, Health Care Services, and Medical Eq.	William Kutson Tel: (202) 482-2839 E-mail: William.Kutson@mail.doc.gov
Sporting Goods/Recreational Eq.	Amanda Ayvaz Tel: (202) 482-0338 E-mail: Amanda_Ayvaz@ita.doc.gov
Automotive Parts, Service Equipment, Leasing, and Insurance	Cara Boulesteix Tel: +33-1-43-12-22-79 E-mail: Cara.Boulesteix@mail.doc.gov
Cosmetics, Perfume, Toiletries, and Natural Products	Swee-keng Cheong Tel: +852-2521-5233 E-mail: Swee-keng.Cheong@mail.doc.gov
Cosmetics and Toiletries	Edward Kimmel Tel: (202) 482-3640 E-mail: Edward_Kimmel@ita.doc.gov
Refrigeration, Fishing, and Food Processing Eq.	Cesar Jochamowitz Tel: +511-434-3040 E-mail: Cesar.Jochamowitz@mail.doc.gov
Multiple Industries	William Corfitzen Tel: (202) 482-0584 E-mail: William.Corfitzen@mail.doc.gov

**THEME PARKS AND FUN CENTER SHOW 2003****UNITED ARAB EMIRATES****SEPTEMBER 29–OCTOBER 1, 2003**

The Theme Parks and Fun Center Show 2003 is the ninth international exhibition in the Middle East exclusively for the amusement and attractions industry. More than 120 companies from over 24 countries participated in the show in 2001. Due to the emphasis that governments in the Middle East have placed on the development of leisure facilities, U.S. companies should seize this opportunity to gain entry into an otherwise difficult region. Visitor numbers always exceed 5,000, with businesspeople from throughout the Middle East, North Africa, and Central Asia.

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E-mail: Anne.deSouza@mail.doc.gov

**OIL AND GAS EQUIPMENT/SERVICES MISSION****KAZAKHSTAN****OCTOBER 2–10, 2003**

The mission will include representatives from U.S. oil and gas equipment and service companies interested in entering or expanding their presence in Kazakhstan. While in Almaty, mission participants will visit the Kazakhstan International Oil and Gas Exhibition, and have the opportunity to display their catalogs in a booth run by U.S. Commercial Service staff.

**Contact:**

Rachel Halpern

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E-mail: Rachel\_Halpern@ita.doc.gov

**TOURISM INFRASTRUCTURE AND DEVELOPMENT EXHIBITION AND CONFERENCE****GREECE****OCTOBER 17–20, 2003**

This event will introduce participating U.S. companies and industry association representatives to Greek business and government decision-makers and will enable all participants to identify and hear firsthand the business opportunities associated with the development, management, and operation of tourism infrastructure projects in Greece. Heavy emphasis will be given to setting up meetings between U.S. participants and key Greek government and private sector officials involved in projects related to tourism infrastructure.

**Contact:**

Phillis Bradley

Tel: (202) 482-2085

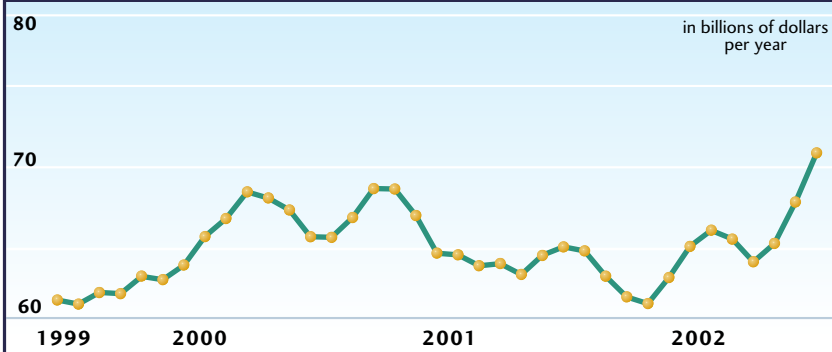
E-mail: Phillis.Bradley@mail.doc.gov

# Quarterly Trade Data

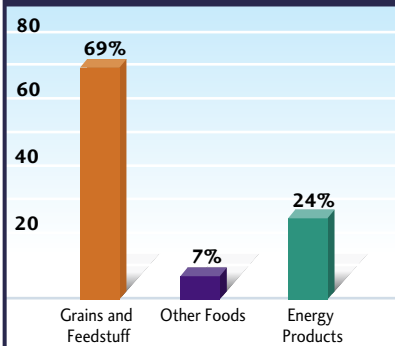
As of Fourth Quarter 2002

## FOOD AND ENERGY

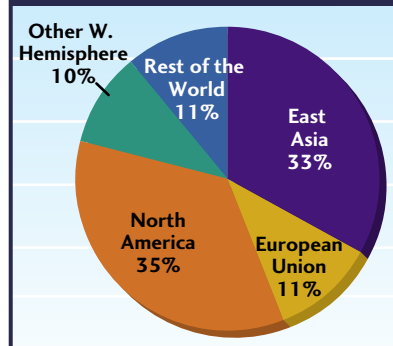
### RECENT TRENDS



### COMPOSITION



### DESTINATION



## MATERIALS

Monthly data are centered three-month moving averages, based on seasonally adjusted figures and expressed as annual rates.

Product categories (except for services) are based on end-use classification. Commercial services include all private services.

North America: Canada and Mexico.

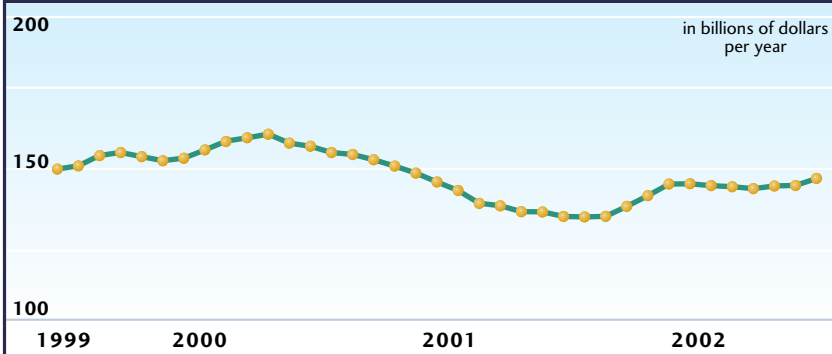
European Union: Austria, Belgium, Denmark, France, Finland, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, and the United Kingdom.

East Asia: China, Hong Kong, Indonesia, Japan, Malaysia, the Philippines, Singapore, South Korea, Taiwan, and Thailand.

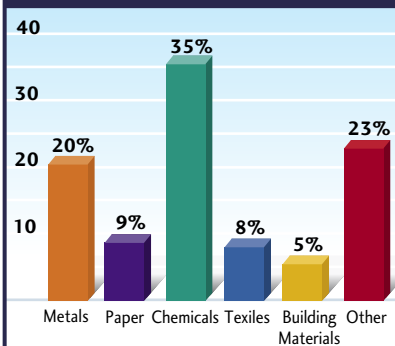
The chart showing exports of services by region is based on data for calendar year 2001. Other charts showing product mix and destination are based on data for the year ending January 2003.

Source: Bureau of the Census (goods), Bureau of Economic Analysis (services).

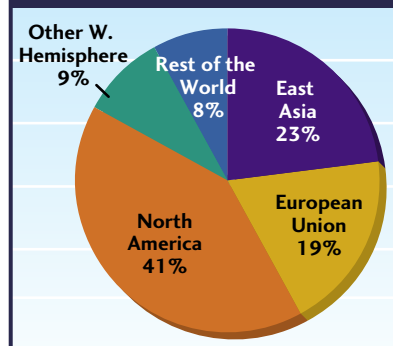
### RECENT TRENDS



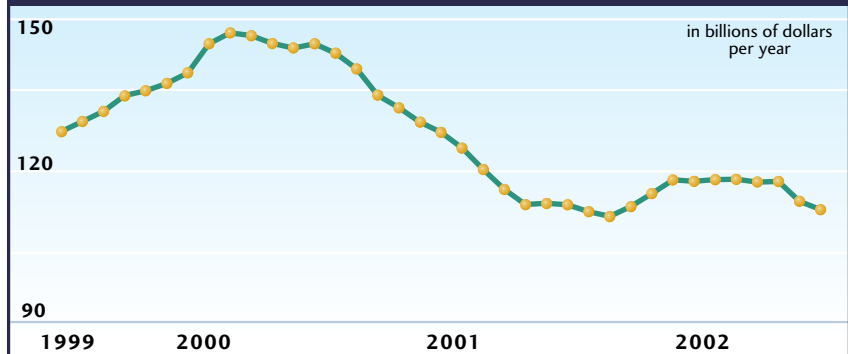
### COMPOSITION



### DESTINATION

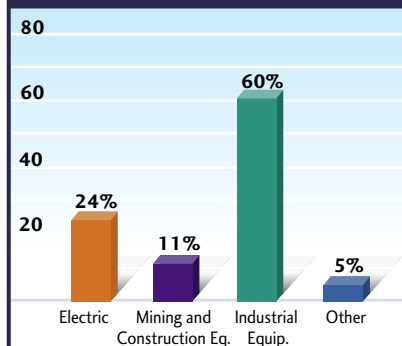


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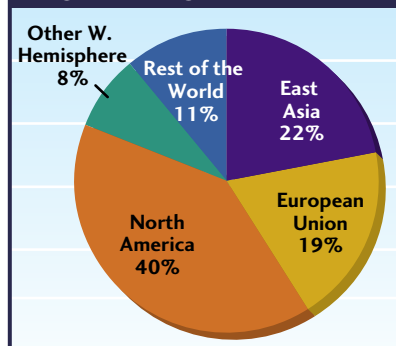


## MACHINERY

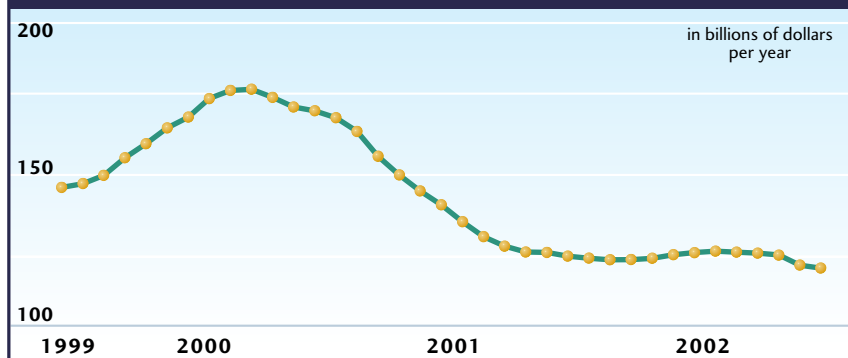
## COMPOSITION



## DESTINATION

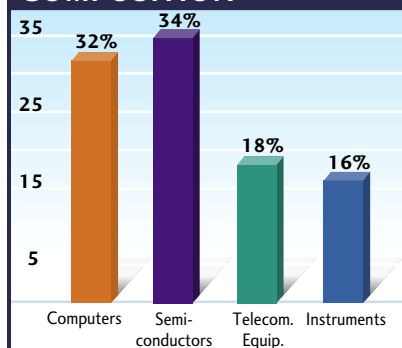


## RECENT TRENDS

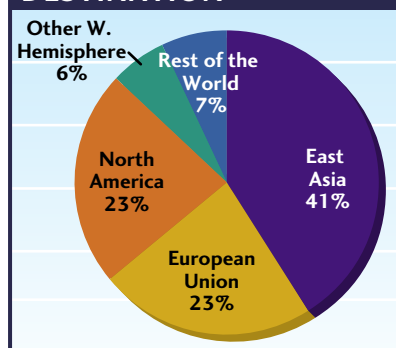


## ELECTRONICS AND INSTRUMENTS

## COMPOSITION



## DESTINATION



Additional information is available from the International Trade Administration ([www.export.gov/tradestats](http://www.export.gov/tradestats)), the Bureau of the Census ([www.census.gov/foreign-trade/www](http://www.census.gov/foreign-trade/www)), and the Bureau of Economic Analysis ([www.bea.gov](http://www.bea.gov)).

U.S. DEPARTMENT OF COMMERCE  
INTERNATIONAL TRADE ADMINISTRATION  
Room 3414  
1401 Constitution Avenue, NW  
Washington, DC 20230



## U.S. Export Assistance Centers

### ALABAMA

Birmingham  
(205) 731-1331

### ALASKA

Anchorage  
(907) 271-6237

### ARIZONA

Phoenix (602) 640-2513  
Tucson (520) 670-5540

### ARKANSAS

Little Rock (501) 324-5794

### CALIFORNIA

Bakersfield (Kern County)  
(661) 637-0138  
Indio (760) 342-4455  
Fresno (559) 227-6582  
Inland Empire  
(909) 466-4134  
Downtown Los Angeles  
(213) 894-4231  
West Los Angeles  
(310) 235-7504  
Monterey (831) 641-9850  
North Bay (415) 492-4546  
Oakland (510) 273-7350  
Orange County  
(949) 660-1688  
Ventura County  
(805) 676-1573  
Sacramento  
(916) 498-5155  
San Diego (619) 557-5395  
San Francisco  
(415) 705-2300  
San Jose (408) 271-7300

### COLORADO

Denver (303) 844-6001

### CONNECTICUT

Middletown  
(860) 638-6950

### DELAWARE

Served by the Philadelphia  
U.S. Export Assistance Center

### DISTRICT OF COLUMBIA

Served by the Baltimore  
U.S. Export Assistance Center

### FLORIDA

Clearwater (727) 893-3738  
Miami (305) 526-7425  
Ft. Lauderdale  
(954) 356-6640  
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